The Light Bulb

Analytics, specifically competitor analytics, illuminate the landscape of your local market.

BY MICHAEL ANDERSON

When it comes to running any type of business, data is worth more than its weight in gold. According to research by McKinsey & Company, companies that make extensive use of their analytics data are nearly three times more likely to have a higher ROI than their competition. They're also 23 times more likely to acquire more customers than their competition and nine times more likely to retain more customers.

There are two core types of analytics that businesses track: customer and competitor. Although many companies track customer analytics, tracking competitor analytics is a little trickier. You might even wonder why you should monitor your competition. But if you don't know what your competition is doing, you could be losing more than you realize.

Why to Monitor the Competition

It's important to know what your competition is doing. Imagine you ran several advertisements about your low prices, only then to find out that you have much higher prices than the other firms in your area. Or, maybe, you spent a great deal of money on a TV advertisement promoting your upgraded facilities as the largest and most modern in the region, only then to find out a competitor's facilities are significantly bigger and have all the same amenities.

That would be a bit of an egg-on-your-face moment, right? Well, it could be even worse than that. Yes, you look a little foolish promoting something that's not entirely true; however, this oversight also could create a negative perception of your business in your audience's minds. When choosing a funeral provider, they might recall that your ads weren't entirely truthful, even if the untruths were unintentional.

With analytics and a bit of research, you would have known the relevant information about your competition before creating marketing materials. You would have been able to take the information and find your differentiator.

Maybe you don't have the lowest prices, so what do you offer families that the competition doesn't or can't? Perhaps you don't have the most spacious facilities, so what does your location have that makes it stand out?

Beyond using competition-monitoring and analytics to find your differentiators, you can use them to further your market research. For instance, finding statistics about your share of voice (SOV), i.e., how often people talk about you compared to your competitors, helps you know where you stand in your community.

Companies that make extensive use of their analytics data are nearly three times more likely to have a higher ROI than their competition.

SOURCE: MCKINSEY & COMPANY

How to Monitor the Competition

When you begin competitive research, here's what to look at:

- **Advertisements:** Are your competitors using pay-per-click (PPC) ads? How about social media ads or even over-the-top (OTT) ads on streaming services? Knowing your competition's marketing

strategies can help you plan your own and target areas where their presence is lacking.

- **Websites:** Your website is your digital home base, the place you want your audience to visit to learn about you. How are your competitors' websites? Are they easy to navigate? Do they offer a lot of resources? Studying competitors' websites helps you pinpoint ways to make your own stronger.
- **Search Engines:** Eighty percent of U.S. consumers use online search engines to find local businesses each week, and 32% of people use them for this every day. Showing up first in Google's organic search results typically earns a business a click-through rate (CTR) of about 27.6%. For those in the second spot, that rate drops to 15.8%. You must know how you rank in local search so as not to miss out on crucial clicks. If you're interested in really getting ahead, you'll also want to stay informed about current best practices for AI tools such as ChatGPT.
- **Services:** What kinds of services do your competitors offer? For instance, if you have a direct-cremation option that no other competitor in your area does, that's helpful information to know. Look at not only how they describe their services but also how others rate and review their services on Google, Facebook and Yelp. Even if you offer similar services, it's essential to understand the ones in which you excel.
- **Prices:** Price is an important differentiator in the funeral profession, as budget is a concern for many families. But it's not just about whether your pricing is, on its face, higher or lower. Are your competitors completely transparent about their pricing? Do they offer all-inclusive pricing? Price can be a differentiator in myriad ways.

Knowing your competition's marketing strategies can help you plan your own and target areas where their presence is lacking.

Call Volume vs. Market Share

Tracking call volume can lead to valuable insights, too. As you plot your call volume over time, you'll be able to apply a trend line, which helps determine whether a business is growing, shrinking or flat. The limitation with call-volume data, however, is that it is internally focused. Although your firm might be up in calls this year, your competitors ultimately could be serving more families.

Market share – your total calls divided by the total calls in your market – is a better indicator of performance relative to the market. It also accounts for external factors that affect funeral service such as seasonality. During a month when call volumes were particularly low, it is helpful to know, for instance, that you served a higher percentage of families than your competition, even though your calls were "down." Ideally, you want to see incremental market-share gains. Understanding market-share trends over time will help you identify opportunities and potential threats. For example, if a new funeral

home enters your market and quickly gains share, this insight will force you to delve into what's driving their performance and then develop a response. If you don't understand market-share trends, you run the risk of losing market share over time and one day asking yourself, "Where did my families go?"

High market share also correlates with increased profitability given the economies of scale, as well as better bargaining power with suppliers. Also, those with high market share typically influence pricing in their market.

Without data, building a marketing plan is like trying to make your way across a room in the dark.

How to Position Yourself

If you beat your competitors in terms of cost, consider running a price-comparison ad. With respectful language, signal transparency to families by showing them you're upfront about pricing and committed to offering lower prices than your competition.

If your competitors have lower prices, do not mention them directly in your ads. Instead, highlight the ways in which the value of your service is superior. Does your staff offer 24/7 support? Are your facilities and grounds known as the most beautiful in the area? Do you have a comprehensive aftercare program?

It all comes back to differentiators. Your differentiator is your superpower, so it should have a prominent role in your marketing materials. It's also worth noting that a differentiator doesn't have to be something tangible, like the largest chapel or newest reception space. The way that the families you've served feel about your firm is a fantastic differentiator. If you're known as the place with the most welcoming people and the friendliest atmosphere, that's a powerful way to stand out.

Without data, building a marketing plan is like trying to make your way across a room in the dark. Not knowing what the landscape looks like leads to ineffective marketing materials at best. At worst, it makes your marketing work against you. So, why not turn on the light?

Navigate Your Business Transaction with Confidence
The best guidance to maximize value and simplify every step.
Whether you are preparing to sell or looking to expand through acquisition, every decision matters. Foresight guides owners through the entire process — from valuation to negotiation — helping you avoid costly mistakes, maximize your business value, and secure the best possible outcome for your future.
THEFORESIGHTCOMPANIES.COM | (800) 426-0165
FORESIGHT

Michael Anderson is the president of @need Marketing, a full-service agency that helps funeral homes connect with their communities through creative and strategic methods. He can be reached at manderson@atneedmarketing.com.